

FISCAL NOTE

SB 895 - HB 2091

March 1, 2007

SUMMARY OF BILL: Requires the Division of Mental Retardation Services to adopt a payment methodology which includes a requirement that salaries for direct care staff be at least commensurate with those paid at the developmental centers.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$9,888,600 Year One
\$9,888,600 Year Two
\$9,888,600 Year Three

Other Fiscal Impact – Increase Federal Expenditures –
\$17,349,000 Year One
\$17,349,000 Year Two
\$17,349,000 Year Three

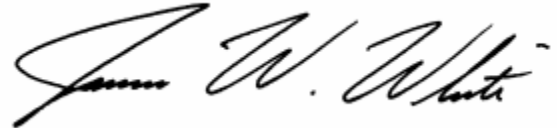
Assumptions:

- The increase in salaries will be phased in over a three year period of time.
- TennCare provides the majority of funding for the Division of Mental Retardation Services (DMRS).
- There are approximately 13,500 full-time equivalents providing service, 40 hours per week, 52 weeks a year for \$8.50 per hour. The average hourly salary at DMRS Developmental Centers is \$11.41. The increase is \$2.91 per hour totaling \$81,712,800 (13,500 X 40 X 52 X \$2.91).
- For the salary increase to be phased in over a three year period, each employee will receive a \$.97 increase per hour each year. Such will result in an increase in expenditures of \$27,237,600 (13,500 X 40 X 52 X \$.97) each year for three years.
- The increase in state expenditures will be \$9,888,610.68 per year at a match rate of 36.305%. The increase in federal expenditures will be \$17,348,989.32 per year at a match rate of 63.695%.

- The Division of Mental Retardation Services will provide \$1,386,495 of the total state expenditures for the three years.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director